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C O N F I D E N T I A L SECTION 01 OF 03 NEW DELHI 000109

SENSITIVE
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TAGS: PREL PGOV PTER BG IN
SUBJECT: HASINA'S DELHI VISIT: PROGRESS TOWARD REGIONAL
INTEGRATION

REF: DHAKA 00027

Classified By: Political Counselor Uzra Zeya for reasons 1.4 (B,D)

¶1. (U) SUMMARY: Bangladeshi PM Sheikh Hasina's January 10-13 visit to India boosted prospects for regional integration. Following recent Bangladeshi action against Indian insurgents, Hasina again pledged Bangladeshi territory would not be used for anti-Indian activities. Bangladesh granted India use of Bangladeshi ports to transit goods to India's Northeast, and India offered Bangladesh a USD 1 billion credit line and direct access to Nepal. The 50 point Joint Communiqu read like a wish list for progress on security, counter terrorism (CT), regional connectivity, and trade. Contacts tell us that "track two" discussions contributed substantially to the CT and security agreements. Meanwhile, MEA contacts described the Hasina visit as an important milestone towards an "irreversible" rapprochement with Bangladesh. END SUMMARY.

A Very Warm Reception

¶2. (U) President Patil welcomed Hasina at her residence and Hasina received visits from Finance Minister Mukherjee, EAM Krishna, Railway Minister Mamata Bannerjee, and Leader of the Opposition Sushma Swaraj. Hasina called on Sonia Gandhi and former PM Gujral. She accepted the 2009 Indira Gandhi Prize for Peace, Disarmament, and Development and earned a standing ovation for her acceptance speech in which she promised a relationship based on cooperation and understanding. "The Hindu," an Indian daily, ran the front page headline, "Indira was truly like our mother: Hasina" (Note: Indira Gandhi sheltered Hasina after the massacre of her family in 1975). Senior New Delhi press people effusively characterized the visit as the beginning of the economic and strategic integration of South Asia under India's leadership. Some, however, cautioned that this noteworthy progress may only have been possible because of Hasina's close ties with the Congress-led UPA government.

Hope for Regional Integration

¶3. (C) MEA Joint Secretary (Bangladesh, Sri Lanka and Maldives) Tirumurthi indicated that India was ready for this

type of engagement as early as three years ago but Bangladesh did not have the mandate to pursue it until Hasina's election. The GOI was optimistic that if progress on the agreements moved quickly, within five years its engagement with Bangladesh would be "irreversible." The many high-level exchanges in the months before Hasina's visit ironed out most differences, and India and Bangladesh chose to put tough issues like Teesta River water sharing into timeframes for resolution rather than pressing for immediate solutions and risking disagreement. He noted that India had granted its single largest line of credit ever extended to another country - USD 1 billion - to fund priorities as determined by the GOB. The agreements with Bangladesh promote India's regional integration goals: topics such as energy and connectivity (as well as security and CT) are already under discussion within SAARC. India's bilateral agreements with Bangladesh could help press the SAARC agenda forward.

The Joint Communiqu and Agreements: Counterterrorism...

¶4. (C) The leaders issued a fifty-point Joint Communiqu underscoring cooperation on security issues and pledging Indian and Bangladeshi territories would not be used for terrorist purposes. They agreed to form and implement a comprehensive framework for development. Three of the five agreements inked concerned security and counter terrorism: an Agreement on Mutual Legal Assistance on Criminal Matters, an Agreement on the Transfer of Sentenced Persons, and an Agreement on Combating International Terrorism, Organized Crime and Illicit Drug Trafficking. They also discussed an

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extradition treaty. Tirumurthi told us the security agreements were largely symbolic, with content of the CT agreement drawn from existing SAARC CT agreements. India would like to pursue a similar agreement on the transfer of sentenced persons with Sri Lanka and the Maldives.

¶5. (C) Tirumurthi said Sheikh Hasina deserved recognition for earlier realizing that the forces that brought to power the caretaker government and caused the February 2009 mutiny in Bangladesh could ultimately destabilize her government. Her recent action against United Liberation Front of Assam (ULFA) fugitives in Bangladesh laid a foundation of trust, but differences on CT remained. Even after the visit, India wanted to know how Bangladesh would resolve differences internally among their five security agencies, and how it would go about dismantling the insurgent infrastructure in Bangladesh. In this context, Tirumurthi said, capacity was no problem - but political will might be. Many Bangladeshi army personnel were entrenched from BNP (Khalida Zia's political party) days. India would not pressure Bangladesh, but would support Bangladesh's progress as it moved ahead at its own pace.

¶6. (C) Sreeradha Datta of New Delhi's Institute for Defense Studies and Analyses (IDSA) is a regular participant in "track two" dialogues between India and Bangladesh, including the December 6-7 USG sponsored dialogue between Dhaka's Bangladesh Enterprise Institute (BEI) and Delhi's Observer Research Foundation (ORF). She believes that "track two" dialogues contributed substantially to the security and CT agreements inked between India and Bangladesh. Tirumurthi told us that any regional engagement is valuable and that the GOI appreciated U.S. support of the BEI-ORF dialogue. However he found that India looked at regional security from a different perspective than the U.S.. India viewed it from three angles: terrorism, insurgency, and Pakistani involvement. Tirumurthi cited the flow of counterfeit currency, drugs, and arms across the Nepal and Bangladesh borders as examples of Indian priorities that did not always register on the U.S. radar. "Insurgents are more destabilizing than terrorism," he commented.

...and Connectivity...

¶7. (U) The remaining accords included an MoU on Cooperation in the Power Sector and a Cultural Exchange Program. India agreed to supply 250 Mega Watts (MW) of power to Bangladesh through new power line link-ups to be constructed by 2012. India and Bangladesh would fund and implement the construction. The cultural agreements included joint celebration of the 150th birthday of Nobel Prize winner and poet Rabindranath Tagore and a new scholarship program for Bangladeshi students studying in India. Tirumurthi described the joint Tagore celebration as an important gesture to rekindle historic cultural links.

¶8. (U) In progress on development, connectivity, and trade, India designated a railway link for transit from Bangladesh to Nepal and agreed to grant duty-free export to India for more Bangladeshi goods. Ashuganj in Bangladesh and Silghat in India were slated as ports of call. Bangladesh agreed to allow Indian use of Mongla and Chittagong sea ports for movement of goods to India via road and rail, and indicated Nepal and Bhutan would be granted similar access (Note: this is significant in that it will allow India easier access to its land locked, underdeveloped Northeast).

... but Not Water.

¶9. (C) Some tough issues remained: according to Tirumurthi, the Teesta River water sharing issue was nowhere near resolution despite intensive rounds of talks. The two sides agreed to convene the Joint Rivers Commission by March. Indian Ambassador Deb Mukharji (a former Ambassador to

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Bangladesh) was pessimistic about prospects of river-by-river and bilateral solutions. Mukharji predicted that an effective water sharing solution would have to be regional (Note: PM Singh has indicated in the past that India might be willing to discuss water issues at the regional level with Nepal and Bangladesh).

¶10. (C) The land boundary issue, Tirumurthi told us, was "not intractable." Tirumurthi shared that none of the Indian leaders were interested in discussing the amount of territory to be ceded, as it was a matter of principle to implement an existing 1974 agreement covering the border, enclaves, and adverse possessions. The first two categories had been listed and agreed upon; however, the list of adverse possessions was still under discussion.

Areas of Concern

¶11. (C) There is concern among local Bangladesh experts about Hasina's management of anti-Indian feelings in Bangladesh. Mukharji emphasized that India can not change such attitudes in Bangladesh on its own, and needs Hasina's help. Datta worried that Hasina was not adequately cultivating other Bangladeshi leaders' relationships with their Indian counterparts, observing Hasina brought no new, young leaders on this visit. Datta complained too that, as a recognized expert on Indo-Bangladeshi relations, she frequently advises Indian and Bangladeshi civil society leaders and retired officials who transmit her inputs up to political heavyweights. However, she has frustratingly poor access at the Indian MEA.

¶112. (U) COMMENT: Hasina showed herself willing to "go the extra mile" in addressing India's concerns, and India reciprocated in kind. Singh's willingness to extend himself personally - and to extend a huge credit line - is a clear sign of India's commitment to strengthen relations with Bangladesh. The neighbors are on track to resolve tough issues like maritime border demarcation, water sharing, and operationalizing an Extradition Treaty - as India will no doubt work to do quickly. This visit, if it bears fruit, may be a template for a new Indian approach to regional engagement. END COMMENT.

ROEMER